

PENGANA CAPITAL GROUP LIMITED (ASX: PCG) 2024 ANNUAL GENERAL MEETING

Date: 29 November 2024

Attached is a copy of the address to be delivered by Mr David Groves, Chairman, and slides to be presented by Mr Russel Pillemer, Managing Director and Chief Executive Officer, at the Company's 2024 Annual General Meeting to be held today, 29 November 2024 at 9:30 am (Sydney time).

Approved by the Board

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**CHAIRMAN'S ADDRESS
2024 ANNUAL GENERAL MEETING
PENGANA CAPITAL GROUP LIMITED**

As outlined in my letter to Shareholders enclosed in the 30 June 2024 Annual Report, Pengana reported a loss from ordinary activities after tax of \$4.3 million for the financial year.

Whilst seemingly disappointing, the result marked, at considerable expense, the completion of a major repositioning of the Company, with the establishment of several funds (both listed and unlisted) within the global private credit division.

The 2024 results also saw a return of performance fee income, following the absence of performance fees in the preceding financial year.

In September we paid the two cent per share final dividend, which brought the total dividends declared for the 2024 financial year to three cents per share.

The decision to declare a dividend in a loss-making year was predicated on the Company's strong balance sheet, cash reserves and its franking credit balance, and reflects the Board's confidence in the Company's future profitability prospects.

PCG is a clear leader in providing global private credit solutions to Australian investors and we are well positioned to see material inflows to our various global private credit strategies.

Significant headway continues to be made in this strategic undertaking, repositioning the Company to take advantage of a high-margin sector while significantly diversifying our future income streams, and we expect that the positive bottom-line impact of these activities will come to bear in the 2025 financial year and beyond.

It is also worth noting that on 31 October 2024 off-balance sheet loans over 21.5 million shares issued under the Pengana Loan Share Plan matured. Our CEO, Russel Pillemer, paid \$10.7 million to PCG in repayment of the loan over 10.7 million shares, resulting in a material increase in the Company's cash reserves and an associated increase in Net Tangible Assets.

As part of today's Formal Business, we are seeking approval to increase our buy-back capacity over and above the 10/12 Limit, which will allow the Company to buy back and cancel the 10,804,834 Loan Shares whose associated loans were not repaid.

Before handing over to Russel, I would like to extend the Board's sincere gratitude and well wishes to Katrina Glendinning who, after 22 years as PCG's Chief Financial Officer, recently stepped down from executive life to pursue non-executive board directorships.

Mirjana Crnjak, who joined Pengana in 2004, and has been our Financial Controller for nearly 20 years, has stepped into the CFO role.

We look forward to your support and engagement as we continue on our journey to create lasting value for our shareholders.

ENDS



PENGANA
CAPITAL GROUP

ANNUAL GENERAL MEETING

PIONEERING
TOMORROW, TODAY.

BOARD OF DIRECTORS PENGANA CAPITAL GROUP LIMITED



David Groves
Chairman



Russel Pillemer
Managing Director



Jeremy Dunkel
Non-executive Director



Kevin Eley
Non-executive Director

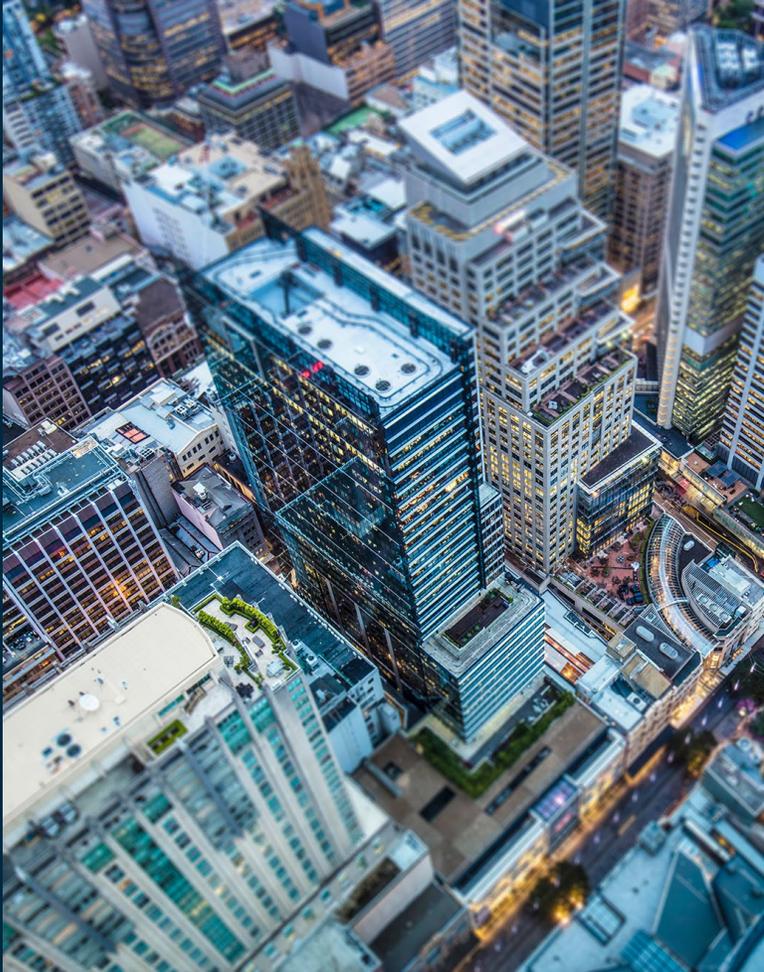


Brendan O'Dea
Non-executive Director

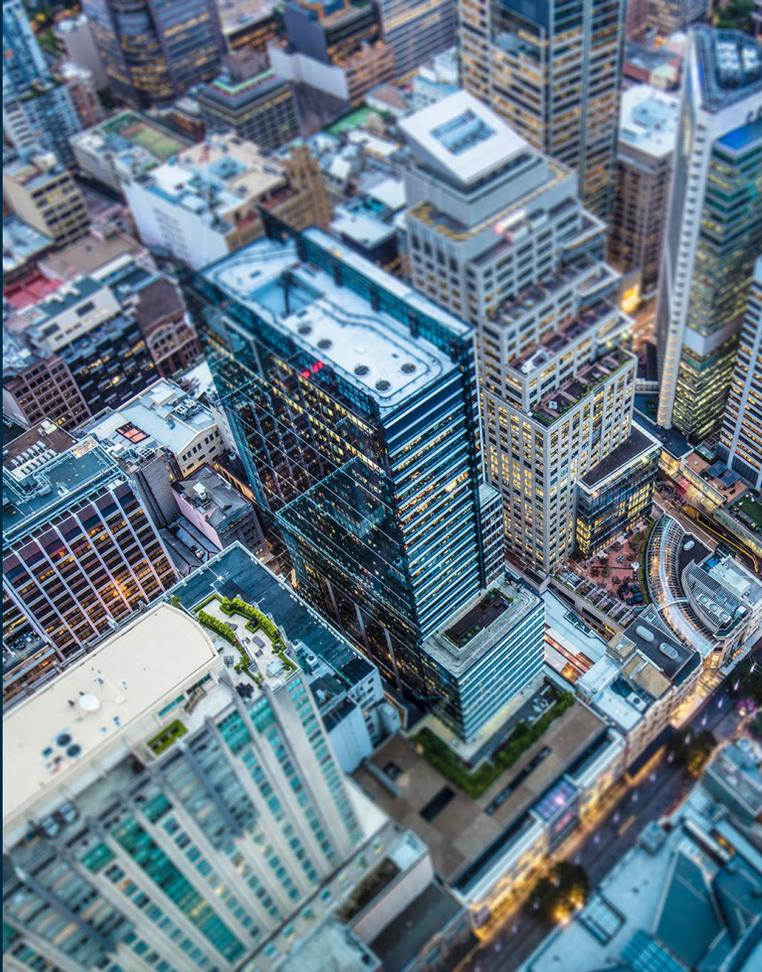
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CHAIR'S ADDRESS



MANAGING DIRECTOR'S ADDRESS



PENGANA OVERVIEW



PENGANA OVERVIEW

Established in 2003, Pengana Capital Group Limited ('PCG') is a diversified fund manager with \$3.4bn of funds under management ('FUM')¹

- Highly diversified
- Good fee margins, and diversified sources of performance fees across 75% of FUM.
- Offering both unlisted and listed vehicles, run by a combination of in-house teams and external fund managers.

Strong presence across the non-institutional market, consisting of retail, high-net-worth investors ('HNW') and family offices

- Highly-regarded brand built over 20+ years.
- Used by >3,000 financial advisors
- Estimated >50,000 underlying investors; including >10,000 direct investors
- Well-rated by research houses with extensive platform availability
- One of the few non-institutional fund managers to have a presence in private market strategies



STRATEGIC FOCUS - PRIVATE CREDIT



AUSTRALIAN FUNDS MANAGEMENT MARKET

Australia is one of the most attractive global markets for fund managers due to Superannuation

The non-institutional segment is the most attractive part of the Australian market

- Consists of SMSF's as well as the substantial savings that retail, HNWI investors, family offices, foundations and charities etc have outside of Superannuation.
- SMSFs market is now ~\$1tn.
- More attractive segment due to stronger margins, high growth and client loyalty. However, this market is fragmented and extremely difficult to penetrate.

Private markets represent a significant opportunity

- Biggest growth opportunity in the non-institutional segment is in Global Private Credit and Global Private Equity, where most investors are significantly under-weight.

PCG IS UNIQUELY POSITIONED TO BENEFIT FROM TRIPLE TAIL-WINDS

STRATEGIC REPOSITION TO FOCUS ON PRIVATE MARKETS STRATEGIES

- Most attractive part of the funds management market due to growth, returns and stability:
 - Shortage of strategies available to Australian non-institutional investors.
 - Globally, private market focussed fund managers trade at significant premiums to managers that focus on listed markets.
- PCG targets sophisticated advisors and investors:
 - One of the few Australian fund managers operating in this space
 - PCG offers listed vehicles in both Global Private Credit and Global Private Equity.
- PCG's Global Private Credit suite of vehicles are key to growth:
 - Private market strategies currently only represent ~22% of PCG's FUM.
 - Medium-term focus for this to be dominant part of the business

PENGANA GLOBAL PRIVATE CREDIT

Global Private Credit master portfolio comprised of 20 underlying funds, selected by Mercer:

- Unparalleled manager access allows purpose-built exposures with varying risk/return targets.
- Launched multiple distinct vehicles in FY 2024, with more planned

PCG's deep strategic alliance with Mercer is a key strength:

- One of the world's largest investment consultants with >US\$16 trillion in AUA
- Provides extensive support across PCG's Global Private Credit business, utilising expertise, resources and relationships to assist PCG.

PCG'S CURRENT GLOBAL PRIVATE CREDIT OFFERINGS

 ASX: PCX		 PENGANA DIVERSIFIED PRIVATE CREDIT FUND	TAILORED ACCOUNTS	STRATEGIC PARTNERSHIPS
<ul style="list-style-type: none"> • Retail, listed investment structure • Recent IPO raised \$157m from financial advisors, direct retail and HNW investors • Targeting strong risk-adjusted returns, including a 7% p.a. cash distribution yield (and hedged into AUD) • Unique structure to deal with discount to NAV; has consistently traded above NAV since listing • Demand from existing and new clients continued to increase and an additional \$11 million was raised via a placement, further diversifying the investor base. 	<ul style="list-style-type: none"> • Direct to consumer ('DTC') offering - operating under the TermPlus brand <ul style="list-style-type: none"> ○ 12, 24 and 60 months with monthly income payments that can be paid or reinvested for compounding ○ Highly compelling floating target returns ○ Layers of built-in protections for stability of capital and reliability of income • Market leading technology <ul style="list-style-type: none"> ○ Fully digital onboarding and account management infrastructure ○ Custom built in house to deliver unique product features and customer experience • Key driver of future profitability <ul style="list-style-type: none"> ○ Potential to open up a new, broader, mass-market audience ○ Spread-based revenue model 	<ul style="list-style-type: none"> • Wholesale fund • For family offices, high net-worth and institutional investors (ex large superfunds) • Target returns of RBA Cash + 7-9% p.a., with very low volatility (hedged into AUD) 	<ul style="list-style-type: none"> • For institutional clients, large dealer groups and Separately Managed Accounts ("SMA") operators seeking bespoke solutions • The only diversified Global Private Credit product in the Australian SMA market, which is one of the fastest growing segments of the savings market. • The first SMA client has been onboarded, with strong inflows anticipated over the coming quarters. • Initial platform access through the North platform has been secured, with more platforms expected to follow over the coming quarters. 	<ul style="list-style-type: none"> • Pengana entered into its first strategic partnership, with one of Australia's largest wealth groups, with an offering specifically tailored for their clients. • This will be the only Global Private Credit offering that will be recommended for allocation in the group's client portfolios and strong inflows are expected over the coming quarters. • The selection of Pengana as the preferred Global Private Credit partner for this large group is testament to the attractiveness of the offering.

THE PENGANA PRIVATE CREDIT MASTER PORTFOLIO IS PERFORMING IN LINE WITH EXPECTATIONS, REAFFIRMING OUR INVESTORS' CONFIDENCE IN THIS ATTRACTIVE ASSET CLASS

FINANCIAL IMPACT ON PCG

- Global Private Credit is generally a high fee margin business for PCG:
 - Current offerings have varying net revenue margins - on average are targeted be >1.0%.
- TermPlus is expected to be a key profit driver over the medium term:
 - Spread-based revenue model.
 - Scalable due to technology; sophisticated digital platform to facilitate growth.
- No long-term capacity constraints
- As PCG's Global Private Credit business mostly leverages off existing PCG infrastructure, as the Global Private Credit business expands:
 - Resources largely included in current cost base.
 - Most net revenue will fall to the bottom line



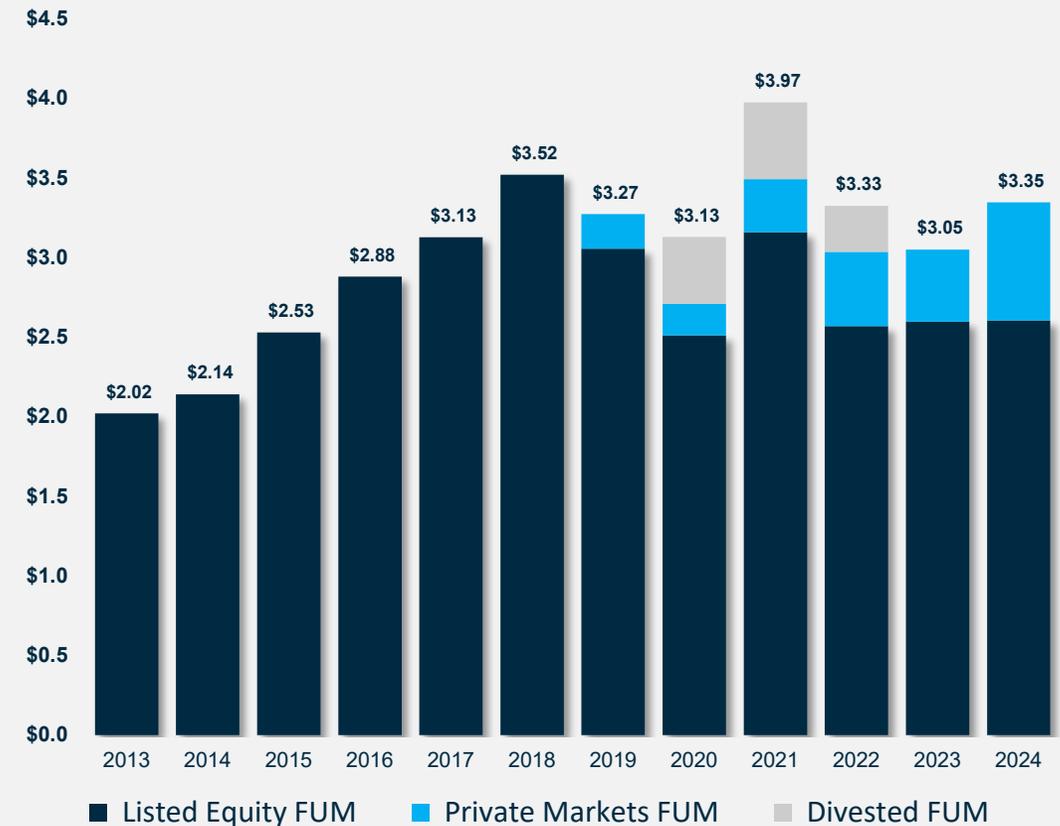
SHAREHOLDER OPPORTUNITY



FUNDS UNDER MANAGEMENT (“FUM”)¹

- Listed Equity Funds:
 - Stable base over many years
 - High quality brand
- Business now re-positioned to Private Markets:
 - Potential for outsized FUM growth
 - Higher margins
 - Competitive advantage
 - **\$42 million inflows into credit strategies in Nov 2024, over \$250 million calendar YTD (excluding seed)**
- Strategically well-placed for growth
 - Unique funds management business model, facilitating horizontal growth
 - Robust, scalable and technologically advanced “institutional-grade” infrastructure
 - Leading-edge digital marketing capabilities and experienced distribution team
 - Proven ability to identify and capitalise on market opportunities

HISTORICAL GROWTH IN FUM (\$B)²



¹ The amount of funds under management can increase or decrease due to a range of factors including net fund flows, distributions to investors and investment performance. Past performance is not a reliable indicator of future performance. The reported FUM is prior to any distributions and dividends being paid to investors. ² Combined Pengana and Hunter Hall FUM at each 30 June.

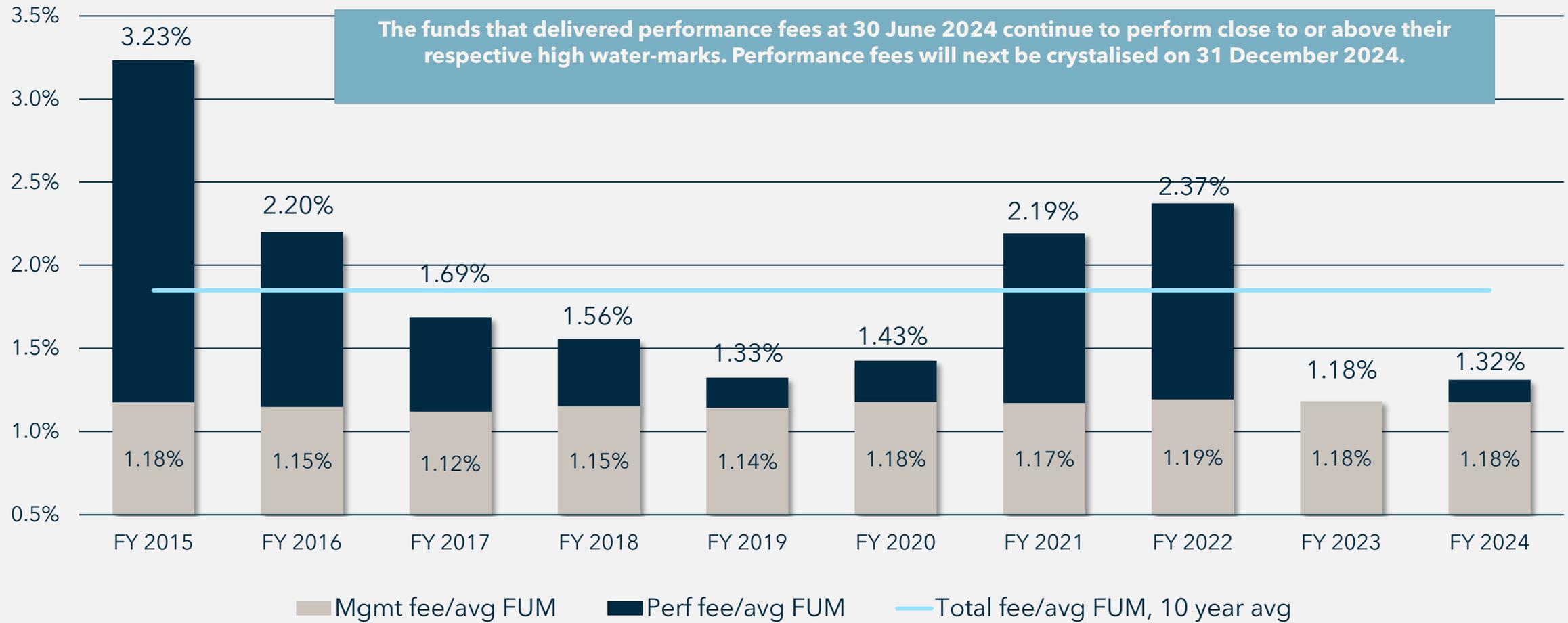
LEVERAGED TO GROWTH AND PERFORMANCE FEES

(\$M)	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020
Management Fees	35.9	36.0	41.8	41.2	38.1
Performance Fees	3.1	-	32.7	27.5	6.1
Total Fees	40.0	36.0	74.5	68.7	68.7
Operating expenses	(24.2)	(21.1)	(19.4)	(25.0)	(21.2)
Team Profit Share	(11.7)	(11.1)	(23.2)	(24.4)	(13.2)
Operating EBITDA¹	3.1	3.7	31.8	19.2	9.9

- Swings in EBITDA mostly due to volatility of performance fees
- Increased expenses in FY 2024 due to launch of Global Private Credit business
- **Current expectation of performance fee income for 31 December due to out-performance of the Emerging Companies Fund and the High Conviction Equities Fund**

1. Source: Pengana Management Accounts

ANNUAL GROSS FEE MARGIN



Fee margin for performance fee margin calculated on average annual funds under management subject to performance fees, excluding the impact of Lizard Investors LLC FUM, management and performance fees. Total Average Fund under Management for FY 2023: \$3.040 billion, Total Average Funds Under Management subject to Performance Fees for FY 2023: \$2.405 billion. Funds under management at 31/07/2023 subject to performance fees: \$2.314 billion

EMPLOYEE SHARE PLAN LOANS DUE 31 OCTOBER 2024

	\$million	Shares 'million	\$ per share	Status
Loans due for repayment 31 October 2024 - Tranche 1	\$10.7	10.7	\$1.00	repaid
Loans due for repayment 31 October 2024 - Tranche 2	\$13.0	10.8	\$1.21	forfeited

- Tranche 1 - repaid in full; implied share price of \$1.00 equates to a 19% premium to the current share price ; \$10.7 million cash inflow for PCG
- Tranche 2 - forfeited, with associated treasury shares to be cancelled post AGM; 11% accretion

SOURCES OF POTENTIAL VALUATION UPSIDE

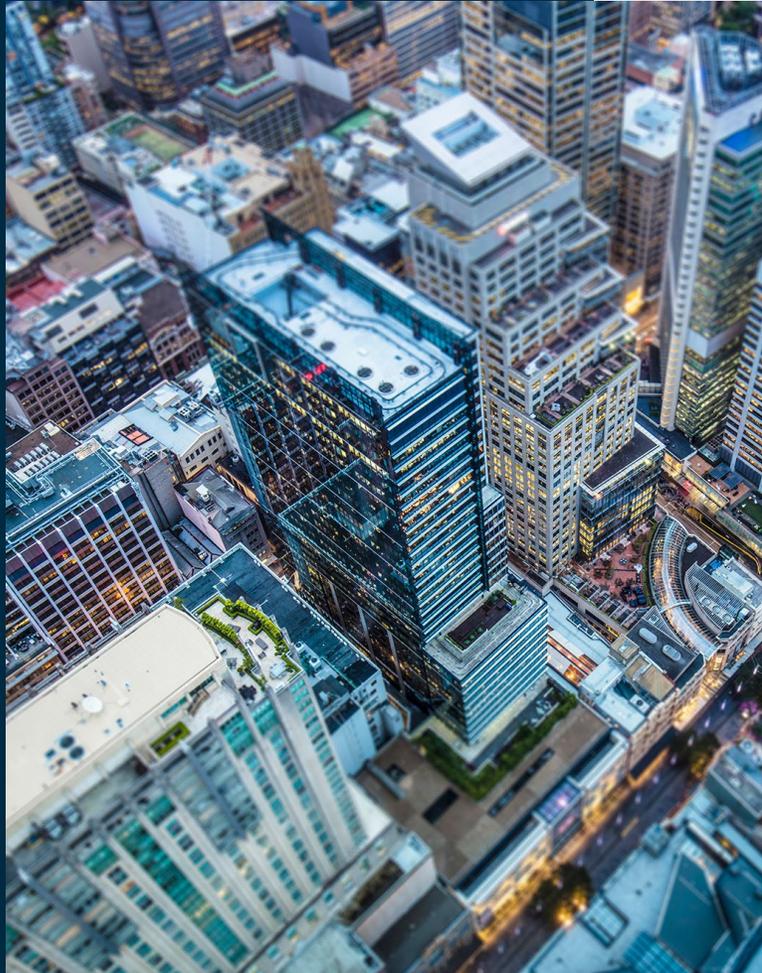
There currently appears to be subdued equity market interest in the stock due to:

- Low free float of shares.
- Small market capitalisation.

Current market value does not reflect significant potential upside, including from:

- Re-emergence of performance fees.
- Growth prospects, especially in Global Private Credit.
- Re-rating of valuation multiple to reflect focus on Private Market strategies.

Q&A



Read the latest PCG research report:
pengana.com/shareholders/#research-reports



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